#### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5415-N-35]

## Notice of Funding Availability (NOFA) for Fiscal Year 2010 Rural Innovation Fund Program

**AGENCY:** Office of the Assistant Secretary for Community Planning and Development, HUD.

**ACTION:** Notice of Funding Availability (NOFA) for HUD's Fiscal Year (FY) 2010 Rural Innovation fund.

**SUMMARY:** Today's publication establishes the funding criteria for the FY 2010 Rural Innovation Fund Program, "Rural Fund". The Consolidated Appropriations Act, 2010, Public Law 111-117, "the Act", appropriates \$25 million in Rural Innovation grant funds. This NOFA also proposes to use unobligated and unused funds remaining for the Rural Fund's predecessor program, the Rural Housing and Economic Development (RHED) program appropriated by the Department of Housing and Urban Development Appropriations Act, 2009, and prior appropriations Acts for this competition. Therefore, there is approximately \$25,750,000 available for this Rural Innovation Fund NOFA and competition. HUD will award these funds from the current Rural Fund appropriation and recaptured and unobligated funds from prior RHED grant program appropriations to support federally recognized Indian tribes, state housing finance agencies (HFAs), state community and/or economic development agencies, local rural non-profit organizations, and community development corporations to support innovative housing and economic development activities in rural areas. In addition to the application requirements set forth in this document, applicants must also comply with applicable requirements established in HUD's FY 2010 Notice of Funding Availability (NOFA) Policy Requirements and General Section to HUD's FY 2010 NOFAs for Discretionary Programs **General Section** posted on the Grants.gov website on June 7, 2010, at http://www.hud.gov/offices/adm/grants/nofa10/gensec.pdf. Applicants should take particular note that they must follow the application submission instructions contained in the General Section (portions of which have been included in this NOFA for your convenience). This NOFA also requires use of HUD's web mapping tool found at http://www.huduser.org/RFMap/RuralFund.html . to respond to Rating Factor 2. Need and Extent of the Problem.

**APPLICATION DEADLINE DATE:** The application deadline date is **February, 22, 2010**. Applications must be received by Grants.gov by 11:59:59 p.m. eastern time on the deadline date. See the **General Section** for timely receipt requirements.

All information required to complete the application is in the **General Section** and this NOFA. Applicants may download the application and instructions from the Grants.gov website at <a href="http://www07.grants.gov/applicants/apply\_for\_grants.jsp">http://www07.grants.gov/applicants/apply\_for\_grants.jsp</a>. Please carefully read the Notice of HUD's Fiscal Year (FY) 2010 Notice of Funding Availability (NOFA) Policy Requirements and **General Section** to HUD's FY 2010 NOFAs for Discretionary Programs, posted on Grants.gov on June 7, 2010. Applicants need to be aware that following receipt, applications go through a

validation process in which the application may be accepted or rejected. Please allow time for this process to ensure that you meet the timely receipt requirements.

FOR FURTHER INFORMATION CONTACT: For information concerning the HUD Rural Fund program, contact Robert Duncan, Associate Deputy Assistant Secretary for Economic Development, Office of Community Planning and Development, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-7000; telephone 202-402-4681 (this is not a toll-free number) or 1-877-787-2526 (this is a toll-free number). Questions regarding the 2010 **General Section** should be directed to the Office of Departmental Grants Management and Oversight at (202) 708-0667 (this is not a toll-free number) or the NOFA Information Center at (800) HUD-8929 (toll-free). Persons with speech or hearing impairments may access these numbers via TTY by calling the toll-free Federal Relay Service at 800-877-8339.

#### **OVERVIEW INFORMATION**

- **A. Federal Agency Name:** Department of Housing and Urban Development, Office of Community Planning and Development.
- **B. Funding Opportunity Title:** Rural Innovation Fund, the "Rural Fund" program.
- C. Announcement Type: Initial Announcement.
- **D. Funding Opportunity Number:** The funding opportunity number for this NOFA is FR-5414-N-35. The OMB Approval Number for this program NOFA is 2506-0188.
- **E.** Catalog of Federal Domestic Assistance (CFDA) Number: 14.263, Rural Innovation Fund.

#### F. Application Deadline Due Date:

The application deadline date is **February**, **22**, **2010**. Applications must be received by Grants.gov by 11:59:59 p.m. eastern time on the deadline date. All information required to complete the application is in the **General Section** and this NOFA. Applicants may download the application and instructions from the Grants.gov website at <a href="http://www07.grants.gov/applicants/apply\_for\_grants.jsp">http://www07.grants.gov/applicants/apply\_for\_grants.jsp</a>. Please carefully read the Notice of HUD's Fiscal Year (FY) 2010 Notice of Funding Availability (NOFA) Policy Requirements and **General Section** to HUD's FY 2010 NOFAs for Discretionary Programs, posted on Grants.gov on June 7, 2010. Applicants need to be aware that following receipt, applications go through a validation process in which the application may be accepted or rejected. Please allow time for this process to ensure that you meet the timely receipt requirements.

#### **G.** Additional Overview Content Information:

**Program Purpose and Objectives**: The purpose of the Rural Fund is to provide support for highly targeted and innovative grants dedicated to addressing the problems of concentrated rural housing distress and community poverty for projects that demonstrate a great likelihood of substantial impact in addressing the housing needs and community poverty in the project area.

HUD is making available awards in two funding categories: Category 1, Single Purpose Grants or Comprehensive Grants that address the need for highly targeted projects that address the problem of concentrated rural housing distress and community poverty in rural areas; and Category 2 Economic Development and Entrepreneurship for Federally Recognized Indian Tribes.

Those interested in applying for funding under this program should carefully review HUD's "Notice of HUD's FY 2010 NOFA Policy Requirements and **General Section** to HUD's FY 2010 NOFAs for Discretionary Programs (notice)" hereinafter referred to as the "**General Section**" posted on the Grants.gov website June 7, 2010, and notice which was published in the Federal Register June 11, 2010, (75 FR 33323). This NOFA also requires use of HUD's web mapping tool found at <a href="http://www.huduser.org/RFMap/RuralFund.html">http://www.huduser.org/RFMap/RuralFund.html</a>, to respond to Rating Factor 2. Need and Extent of the Problem.

The funds made available under this program will be awarded competitively through a selection process conducted by HUD in accordance with the HUD Reform Act.

#### FULL TEXT OF ANNOUNCEMENT

## **I. Funding Opportunity Description**

**A. Background.** There is a need for innovative and catalytic economic development and housing programs that create jobs through business development and expansion and expand the supply of affordable housing in rural areas. To support these programs, HUD intends to fund local rural nonprofit organizations, community development corporations, federally recognized Indian tribes, state housing finance agencies (HFAs), and state economic development and community development agencies (including consortia of such entities) with demonstrated capacity to undertake comprehensive projects that address the problems of concentrated rural housing distress and community poverty. HUD solicits applications for projects of sufficient scale and impact relative to the identified need to demonstrate a measurable improvement in the quality of life within the project area.

A number of resources are available from the federal government to address these problems, including programs of the U.S. Department of Agriculture (USDA), the Economic Development Administration (EDA), the Appalachian Regional Commission (ARC), the Department of Interior (for Indian tribes), and HUD. The Rural Fund program is intended, to the maximum extent feasible, to work in conjunction with these other resources to comprehensively address the economic and housing needs in rural areas. In administering the Rural Fund, HUD will give greater weight to comprehensive and coordinated proposals that utilize a broad range of funds from the agencies listed above and non-Federal resources, to carryout program activities.

#### **B. Definitions**

1. <u>Administrative Costs</u> means expenses for the general administration of the organization and costs that do not relate solely to the activities carried out by the grant. Activity delivery costs are not considered administrative costs. Costs for technical assistance or costs for specific expertise to carry out the program are not considered administrative costs which would be charged to the program as a technical assistance costs. However, all administrative, as well as other eligible

cost items must be allocable to the Rural Fund eligible activities in the approved application and budget. Note that administrative costs for oversight of other programs, functions or responsibilities not related to the Rural Fund grant would not be allocable to this grant and thus could not be charged to the grant. Please note that administrative costs are also limited to no more than ten (10) percent of the total grant.

- 2. <u>Appalachia's Distressed Counties</u> means those counties in Appalachia that the Appalachian Regional Commission (ARC) has determined to have unemployment and poverty rates that are 150 percent of the respective U.S. rates and a per capita income that is less than 67 percent of the U.S. per capita income, and have counties with 200 percent of the U.S. poverty rate and one other indicator, such as the percentage of overcrowded housing. Refer to <a href="www.arc.gov">www.arc.gov</a> for a list of ARC-distressed counties and more information.
- 3. Colonia means any identifiable, rural community that:
  - a. Is located in the state of Arizona, California, New Mexico, or Texas;
  - b. Is within 150 miles of the border between the United States and Mexico; and
- c. Is determined to be a colonia on the basis of objective need criteria, including a lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, sanitary, and accessible housing.
- 4. Comprehensive Purpose grant means a Rural Fund grant proposal that has comprehensively examined the social, housing and economic needs and resources of the identified target area, such that the applicant thoroughly demonstrates through its proposal an understanding of the fabric of its target area. This understanding is evidenced by the nature and scope of the proposed activities. The manner in which the proposed activities demonstrates an understanding of the target area residents; demonstrates the sufficiency, affordability and quality of the housing stock; and demonstrates an assessment of the employment/unemployment levels of the residents, economic conditions and the factors contributing to the lack of economic opportunities and how the economic development needs affect the target area's jobs, retention or expansion of existing local businesses, or what new businesses that are needed to provide essential goods or services.
- a. The proposal would also identify the area's resources, assets, and opportunities that will be built upon to bring about economic, human, community and physical development and investment. The proposal will identify where these resources are located in relation to the proposed target area.
- b. The proposed project to be funded with Rural Fund grant funds, along with substantial other resources, would define the project appropriate to successfully address the identified needs, and ensure the completed project would have met these needs within the grant period.
- c. The Comprehensive Purpose grant proposal identifies the nature, purpose and scope of each of the specific activities proposed to be undertaken; the timeframe and sequence for implementation of each activity; and the output and outcome metrics upon completion of the project and activities.
- d. The Comprehensive Purpose grant proposal would be expected to demonstrate that upon completion the identified needs would be substantially addressed and results can be demonstrated as measurable and quantifiable improvement in the quality of life for the project area residents in the target area that is viable and sustainable.

HUD expects that highly ranked projects would demonstrate high levels of ingenuity and innovation to address the identified problems and strategies that would achieve a self-sustained effort not dependent upon continued HUD resources. Highly ranked projects would also be expected to coordinate and leverage their efforts with regional entities that are actively engaged in or promote a region's unique competitive strengths and find ways to nurture networks for business financing, business-to-business sales, education, and workforce development. These networks work in concert with local governments, venture capitalists, private banks, workforce investment boards, non-profit organizations, institutions of higher education (including community colleges), and other public and private agencies and institutions for the development or expansion of businesses, products and services in the region.

5. <u>Consortium</u> means two or more eligible Rural Fund entities, i.e. Indian tribes, State housing finance agencies, State community and/or economic development agencies, local rural nonprofits and community development corporations, that enter into an agreement to submit a single application for funding under this NOFA.

The consortium is intended collectively to have the capacity and experience to carry out the proposed activities in the target geography and to enter into an agreement to submit a single application under this NOFA for a Rural Fund Comprehensive Grant, as defined under I.B.16. below. In its application, a consortium shall designate a lead applicant. A lead applicant must be any one of the Rural Fund grant program eligible entities, forming the consortium as described above. The lead applicant shall have responsibility for submitting the application to HUD, and, if the consortium is selected for funding, shall execute the grant agreement with HUD and assume fiscal responsibility for the grant on behalf of the consortium in compliance with all HUD and program requirements.

All consortium members must execute an agreement to apply as a consortium and the consortium agreement must be submitted with the application. The agreement will require the members to cooperatively carry out the Program in the approved application, and must authorize one member (lead applicant) to act in the representative capacity with HUD on behalf of all members of the consortium and to assume administrative responsibility for ensuring that the consortium's program is carried out in compliance with all HUD requirements. While the lead applicant holds fiscal and administrative responsibility for regular interaction with HUD, this does not restrict the consortium from developing a structure that reflects the diversity of its members and allows for maximum participation in strategy development, decision-making and project implementation. If the consortium is awarded a Revolving Fund grant, within 120 days after the grant award, the consortium members must execute a formal funding agreement. The consortium funding agreement must describe each consortium member's specific activities under the Rural Fund, including timetables for completion. The lead applicant will enter into agreements with each consortium member receiving funding from the grant to ensure delivery of the required activities. HUD reserves the right to terminate the grant if a consortium funding agreement has not been executed within 120 days after grant award. No entity that has agreed to participate in a consortium may apply for any other assistance under this NOFA.

6. Eligible Rural Area means one of the following:

- a. A non-urban place having fewer than 2,500 inhabitants (within or outside of metropolitan areas).
  - b. A county or parish with an urban population of 20,000 inhabitants or less; or
- c. Any place with a population of 20,000 or less and not located in a Metropolitan Statistical Area.
- d. If an area does not meet one of the definitions of rural above, but the area meets one of the following U.S. Department of Agriculture's definition of rural (or has been recognized by the Secretary of the U.S. Department of Agriculture as being a rural area), such area will be deemed to be rural for the purposes of this NOFA:
- (i) A rural area is any location beyond the urbanized periphery surrounding a city of 50,000 or more in essence, areas not located in a Metropolitan Statistical Area (MSA). A rural area begins beyond the legal boundaries of the urban area, after undeveloped, open country is encountered. When a series of contiguous, undifferentiated communities stretch out from a 50,000+ city, all of these communities (even when they are less than 50,000) are considered urbanized and therefore ineligible; or
- (ii) Any area of a State not in a city or town that has a population of more than 50,000 inhabitants, according to the latest decennial census of the United States, and the contiguous and adjacent urbanized area, and any area that has been determined to be "rural in character.
- 7. <u>Farm Worker</u> means a farm employee of an owner, tenant, labor contractor, or other operator raising or harvesting agricultural or aquacultural commodities, or a worker who, in the employment of a farm operator, engages in handling, planting, drying, packing, grading, storing, delivering to storage or market, or carrying to market agricultural or aquacultural commodities produced by the operator. Seasonal farm workers are those farm employees who typically do not have a constant year- round salary.
- 8. Federally Recognized Indian tribe means any Indian tribe, bank, nation, or other organized group or community of Indian, including any Alaskan native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, that is recognized as eligible for the special program and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act of 1975. The list of federally recognized tribes can be found in the notice published by the Department of the Interior, Bureau of Indian Affairs (BIA) on August 11, 2009 (74 FR 40218) and may be found on the BIA's website at http://www.bia.gov/idc/groups/public/documents/text/idc002655.pdf.
- 9. <u>Firm Commitment</u> means a letter of commitment from a partner or a member of a consortium by which the entity agrees to perform an activity specified in the application, demonstrates the financial capacity to deliver the resources necessary to carry out the activity, and commits the resources to the activity, either in cash or through in-kind contributions. The commitment must be irrevocable, subject only to approval and receipt of a fiscal year FY2010 Rural Fund grant. Each letter of commitment must include the organization's name and applicant's name, reference the Rural Fund program, and describe the proposed total level of commitment and responsibilities, expressed in dollar value for cash or in-kind contributions, as they relate to the proposed program. The commitment must be written on the letterhead of the participating

organization, must be signed by an official of the organization legally authorized to make commitments on behalf of the organization, and must be dated no earlier than the date of publication of this NOFA. In documenting its firm commitment, the entity's commitment letter must:

- a. Specify the authority by which the commitment is made, the amount of the commitment, the proposed use of funds, and the relationship of the commitment to the proposed investment. If the committed activity is to be self-financed from the entity's internal cash resources, the entity must demonstrate its financial capability through a corporate or personal financial statement or other appropriate means. If any portion of the activity is to be financed through a lending institution, the entity must provide evidence of the institution's commitment to provide the funds; and
- b. Affirm that the firm commitment is contingent only upon the receipt of FY 2010 Rural Fund grant and state a willingness on the part of the signatory to sign a legally binding agreement (conditioned upon HUD's environmental review and approval of a property, where applicable) upon award of the grant.

Additional information related to firm commitments of other resources is provided in Section V.A.4. of this NOFA, Rating Factor 4 (Leveraging Financial Resources). See Section IV.B.6.d." Submission of Narrative Statements, Third-Party Letters, Certifications, and Program-Specific Forms" of the **General Section** for instructions on how third party documents are to be submitted electronically as part of the application.

- 10. <u>Innovative economic development activities</u> means projects, techniques, methods, and combinations of assistance that creates or retains jobs, especially for low- and moderate-income persons; creates or expands employment opportunities; or creates community financial lending resources for economic development opportunities that principally benefit low- and moderate income persons that are designed to address the effect of concentrated poverty in rural areas. The Innovation economic development activities can also build upon or enhance a model that already exists.
- 11. <u>Innovative Housing Activities</u> means projects, techniques, methods, combinations of assistance, construction materials, energy efficiency improvements, or financing institutions or sources new to the eligible area or to its population that creates sustainable, affordable, and high quality housing that principally benefits low- and moderate-income people. The Innovation activities can also build upon and enhance a model that already exists.
- 12. <u>Local Rural Nonprofit Organization or Community Development Corporation</u> means any private entity with tax-exempt status under section 501 of the Internal Revenue Code of 1986, as amended, as recognized by the Internal Revenue Service (IRS) for an area that serves the eligible rural area identified in the application (including a local affiliate of a national organization that provides technical assistance in rural areas).
- 13. <u>Low- and moderate-income household and low-and moderate income person</u> means a family, household, or individual whose income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger households or families.

- 14. <u>Lower Mississippi Delta Region</u> means the eight-state, 240-county/parish region defined by Congress in the Lower Mississippi Delta Development Act, Public Law 100-460. Refer to <a href="https://www.dra.gov">www.dra.gov</a> for more information.
- 15. <u>Partner</u> means allied public and private entities partners that are not eligible applicants but participate and provide support to undertake the project. Partners include, but are not limited to, units of general local government, regional or national housing and/or economic development non—profit entities, private and public institutions and for-profit entities
- 16. Project means a single activity or a group of activities constituting a planned, continuous, single undertaking that are eligible under the funding categories for which the applicant is applying. The applicant must identify the project in Block 15 of the SF424 (Descriptive Title of Applicant's Project). The proposed Rural Fund project also includes all other integrally related activities that the applicant, regardless of funding source, has determined are necessary for the success of the Rural Fund project. Such integrally related activities may include those funded by the applicant's own resources, resources firmly committed by other third parties, activities or resources committed by other participating parties in a consortium, if applicable, or other entities identified by the applicant as partners.
- 17. <u>Single Purpose grant</u> means a Rural Fund grant proposal that identifies a single area of need in the target area with regard to housing or economic development and proposes a specific Rural Fund project, such as the creation of affordable housing, the preservation and enhancement of existing affordable housing stock, or an economic development loan or grant programs that assists small existing businesses or promotes entrepreneurship that creates jobs for lower income persons, that is appropriate to address the identified need.
- 18. <u>State Community and/or Economic Development Agency</u> means any state agency whose primary purpose is promotion of economic development statewide or in a local community.
- 19. <u>State Housing Finance Agency</u> means any state agency created to assist local communities and housing providers with financing assistance for development of housing in rural areas, particularly for low- and moderate-income people.
- 20. <u>Target area and project area description</u> mean a geographic area that the applicant proposes to undertake its Rural Fund assisted activities. It is the area the applicant describes as having the needs in Rating Factor 2. "Need and Extent of the Problem" (section V.A.2. of this NOFA), that the proposed Rural Fund activities will address.
- **C. Authority.** The Rural Fund program is authorized under the Department of Housing and Urban Development's Appropriations Act, 2010, (Pub. L. 111-117, approved December 16, 2009).

#### **II. Award Information**

#### A. Amount Allocated

- 1. <u>Available Funds</u>. The Consolidated Appropriations Act, 2010, Public Law 111-117, "the Act", appropriates \$25 million in Rural Innovation grant funds, to remain available for obligation until September 30, 2012. Of this total, the Act authorized the Department to use up to one (1) percent for a broad technical assistance fund. The Department has elected to allocate \$250,000 of the \$25 million Rural Fund appropriation to the general technical assistance fund. There is also approximately \$1,000,000 appropriated by the Department of Housing and Urban Development Appropriations Act, 2009, for the Rural Housing and Economic Development (RHED) program and prior years' appropriations that have unobligated and unused funds that the Department will also use for this competition. Therefore, there is approximately \$25,750,000 available for the Rural Innovation Fund.
- 2. <u>Funding Award Amount</u>. HUD will award up to approximately \$25,750,000 on a competitive basis in the following categories: Category 1- Single Purpose Grants or Comprehensive Grants to address the need for highly targeted projects that address the problem of concentrated rural housing distress and community poverty in rural areas (component of which may include technical assistance); and Category 2 Grants for Economic Development and Entrepreneurship for Federally Recognized Indian Tribes (a component of which may include technical assistance).

HUD will accept only one application from any given eligible applicant or qualifying consortium. Note that if the applicant is a federally recognized Indian tribe, it must specify in the abstract (see IV.B.1.b. Application Items.) through which funding category, (1) or (2), the tribe is seeking funding.

Category 1, Single Purpose Grants or Comprehensive Grants must address the need for highly targeted projects facing the problem of concentrated rural housing distress and/or community poverty in rural areas. HUD will award up to approximately \$20,750,000 for Single Purpose and Comprehensive Grants. HUD will award at least \$7,500,000 for Single Purpose Grants provided that there are a sufficient number of applications that meet the minimum threshold of 75 points required to be considered for funding, see section V.B.1.d. Funding Selections, to utilize the full \$7,500,000. In the event there is an insufficient number of eligible Single Purpose applications to utilize the \$7,500,000, HUD reserves the right to utilize any remaining funds to fund eligible Category 1 Comprehensive applications and/or Category 2 applications. The maximum amount that may be awarded to a successful Single Purpose Grant proposal is \$300,000. The maximum amount that may be awarded to a successful Comprehensive Grant proposal is \$2,000,000. An applicant under Category 1 may also include a technical assistance component to assist the applicant in undertaking a particular element of the program for which it lacks expertise. The technical assistance component may not exceed five (5) percent of the grant amount requested. Please note that administrative costs are also limited to no more than ten (10) percent of the total grant.

Category 2, Economic Development and Entrepreneurship for Federally Recognized Indian Tribes. HUD will award up to \$5,000,000 to federally recognized Indian tribes to promote economic development and entrepreneurship through activities including the capitalization of revolving loan programs and business planning and development. An applicant under this category may also include a technical assistance component to assist the applicant in undertaking a particular element of the program for which it lacks expertise, as described by the applicant in its project summary. The technical assistance component may not exceed five (5) percent of the grant amount requested. The maximum amount awarded to a successful applicant will be \$800,000. Please note that administrative costs are limited to no more than ten (10) percent of the total grant. (See Section IV.E.)

B. **Grant Period** Each recipient will have 36 months from the date of the executed grant agreement to complete all project activities.

## **III.** Eligibility Information

- A. **Eligible Applicants**. Eligible Category 1 applicants for the Rural Fund grant program are local rural nonprofit organizations, community development corporations, federally recognized Indian tribes, state housing finance agencies, and state community and/or economic development agencies. Eligible Category 2 applicants are limited to federally recognized Indian tribes. Also, you must meet all of the applicable threshold eligibility requirements described in Section III.C. of the **General Section**.
- B. **Cost Sharing or Matching**. There is no match required under the Rural Fund program. Applicants who submit evidence of leveraging dollars under Rating Factor 4 will receive points according to the scale under that factor.

#### C. Other

- 1. **Eligible Activities**. For Category 1 and Category 2 applicants, the following are examples of eligible activities under the Rural Fund program. Permissible activities may include, but are not limited to the following:
- a. Category 1 Single Purpose Grants (up to \$300,000)
- (1) The cost of using new or innovative construction, energy efficiency, or other measures that will result in the design or construction of unique economic development project or innovative housing;
  - (2) Preparation of plans, architectural or engineering drawings;
- (3) Preparation of legal documents, government paperwork, and applications necessary for construction of housing and economic development activities to occur in the jurisdiction;
  - (4) Acquisition of land and buildings;
  - (5) Demolition of property to permit construction or rehabilitation activities to occur;
  - (6) Purchase of construction materials and construction labor;
- (7) Homeownership counseling, including such subjects as fair housing counseling, fair lending, and predatory lending counseling, credit counseling, budgeting, access to credit, and other federal assistance available. Successful applicants under this NOFA who engage in

homeownership counseling, and their subrecipients, must use training facilities and services that are physically accessible to persons with disabilities. Where physical accessibility is not achievable, recipients and subrecipients must give priority to alternative methods of product delivery that offer programs and activities to qualified individuals with handicaps in the most integrated setting appropriate in accordance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and its implementing regulations at 24 CFR Part 8, and Title III of the Americans with Disabilities Act. Furthermore, HUD requires all grant recipients and subrecipients to comply with the goals and objectives of Section 508 of the Rehabilitation Act of 1973 with regard to accessible technology. (See the Accessible Technology Requirements in the General Section);

- (8) Conducting conferences or meetings with other federal or state agencies, tribes, tribally designated housing entities (TDHE), or national or regional housing organizations, to inform residents of programs, rights, and responsibilities associated with home buying opportunities (all meetings and conferences should be provided in alternative formats for persons with a variety of disabilities, as appropriate, and in applicable languages common in the community for limited English proficient (LEP) families);
- (9) Establishing Community Development Financial Institutions (CDFIs), lines of credit, revolving loan funds, microenterprises, and small business incubators;
- (10) Provision of direct financial assistance to homeowners/businesses/developers for affordable housing assistance and/or for the creation, expansion, or retention of job and job opportunities, etc. This can be in the form of default reserves, pooling/securitization mechanisms, loans, grants, the funding of existing individual development accounts, or similar activities; and
- (11) Cost of technical assistance to assist the grantee in undertaking a particular element of the program for which it lacks specific expertise and is described in the project narrative. The applicant must specifically identify the area of expertise it lacks and the specific technical assistance needed to address the deficiency in the project narrative. The technical assistance component may not exceed five (5) percent of the grant amount.
- b. Category 1 Comprehensive Grants (up to \$2,000,000). In addition to the activities that are eligible for Single Purpose grant above, eligible activities include: (1) assistance to for-profit business to carry out an economic development project. Such assistance includes, but is not limited to, grants, loans, loan guarantees, interest write-down subsidies, capitalization of revolving loan programs for assistance to for-profit businesses, establishment of peer-to-peer lending business lending group, establishment of a business incubator, and other business planning and development activities; and (2) necessary infrastructure that is essential to the applicant's proposed comprehensive concentrated area housing and economic development program.
- c. Category 2 Economic Development and entrepreneurship for Federally Recognized Indian Tribes (up to \$800,000).

Eligible activities include capitalization of an economic development revolving loan fund program, business planning and development, and other activities that directly support the creation, expansion or retention of for profit entities that principally create or retain jobs for tribal members, especially unemployed or underemployed persons. Technical assistance costs

are also eligible to assist the grantee in undertaking a particular element of the program for which it lacks specific expertise. The applicant must specifically identify the area of expertise that is lacking and the specific technical assistance needed to address the deficiency in the project narrative. Technical assistance costs are limited to five (5) percent of the grant amount.

- 2. <u>Statutory and Regulatory Requirements</u>. To be eligible for funding under HUD NOFAs issued during FY2010, you, the applicant, must meet all statutory and regulatory requirements applicable to this NOFA as described in the **General Section**. HUD may also eliminate ineligible activities from funding consideration and reduce funding amounts accordingly.
- 3. <u>General HUD Threshold Nondiscrimination and Other Requirements: See section III.C.2.</u> through section C.5.of the General Section.

In particular, applicants should carefully review those provisions that could result in the failure to receive funding, including the DUNS Number Requirement, Compliance with Fair Housing and Civil Rights Laws, provisions relating to Delinquent Federal Debts, and the Name Check Review. HUD will not make awards to entities that are debarred, suspended or are on the HUD Limited Denial of Participation List. HUD also reserves the right to review information in the Federal Award and Performance Integrity System (FAPIIS).

- a. <u>Ineligible Applicants</u>. HUD will not consider an application from an ineligible applicant under this NOFA and all applicants must meet the timely receipt requirements. See the **General Section**.
- b. The Dun and Bradstreet Universal Numbering System (DUNS) Number Requirement. Refer to the **General Section**, section III.C.2.b. for information regarding the DUNS requirement. Additional information on obtaining a DUNS number is available at <a href="http://www.hud.gov/grants/index.cfm">http://www.hud.gov/grants/index.cfm</a>. You will need to obtain a DUNS number to receive an award from HUD.
- c. Active Registration in the Central Contractor Registration (CCR). You will need to register or maintain a current registration in the Central Contractor Registration to receive funding from HUD. Information on CCR registration is available at <a href="http://www.ccr.gov/Renew.aspx">http://www.ccr.gov/Renew.aspx</a> and <a href="http://www.ccr.gov/Help.aspx">http://www.ccr.gov/Help.aspx</a>.
- d. An applicant that does not meet the threshold requirement found in Section III. C. 2. of the **General Section** "Resolution of Outstanding Civil rights Matters" may not be considered for funding. In the case of consortia, each member of the consortium must meet the threshold requirements.
- e. Debarment and Suspension. See Section III.C.2.e. of the General Section.
- f. Economic Opportunities for Low- and Very Low-Income Persons (Section 3).
- (1) Economic Opportunities for Low-and Very Low-Income Persons (Section 3). The requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 170lu) are applicable under this NOFA for activities that will involve housing construction;

rehabilitation (including the reduction of lead-based paint hazards, but excluding routine maintenance, repair and replacement; or other public construction. Please refer to subparts B and E of 24 CFR Part 135 and to Section III.C.5.d. of the **General Section** for additional information. The purpose of Section 3 is to ensure that new training, employment or contracting opportunities, created during the completion of your proposed project/activities, will be directed to low-and very low-income persons residing in the service area and to the business concerns that employ these persons, to the greatest extent feasible. Grants made to Indian tribes are subject to section 7(b) of the Indian Self-Determination and Education Assistance Act, which provides Indian preference in hiring and contracting. For additional information see regulations for the Indian Housing Block Grant program 24 CFR §1000.48 – 1000.52. This means that section 3 is applicable to the greatest extent feasible, but consistent with and not in derogation of Indian preference. (see 24 CFR §1000.42).]

- (2) Section 3 Reporting. Each recipient that receives Section 3 covered financial assistance directly from HUD shall submit to the Assistant Secretary for Fair Housing and Equal Opportunity an annual report. The Section 3 report shall be submitted at the same time as the annual performance report. Grantees are required to report on form HUD 6002, which can be completed online at ww.hud.gov/section3. Section 3 shall also be reported using the Rural Fund Logic Model. All reports are made available to the public.
- g. <u>Federal Debt</u>. In addition to the requirements in the **General Section**, applicants at the time of award that have Federal debt or are in default of an agreement with the IRS will not be funded. Applicants selected for funding have an obligation to report to HUD changes in status of a current IRS agreement covering federal debt.
- 4. Program-Specific Threshold Requirements.
- a. The maximum number of points that can be awarded under this NOFA is a total of 102 points. The application must receive a minimum rating score of 75 points to be considered for funding.
- b. HUD will only fund eligible applicants as defined in this NOFA under Section III.A.
- c. Applicants must serve an eligible rural area as defined in Section I.B.6. of this NOFA.
- d. Proposed activities must meet the Rural Fund Program Purpose and Objectives, see "Overview Information" paragraph G.
- e. Applicants must demonstrate that their activities will continue to serve populations, including existing residents, that are in need.
- f. Applicants must demonstrate that beneficiaries will have a choice of innovative housing and economic development opportunities, as a result of the activities for category 1 funded activities and economic development opportunities for category 2 funded activities

#### IV. Application and Timely Receipt Information

A. Address to Request Application Package See the General Section for specific procedures concerning the electronic application submission and timely receipt requirements. Copies of the published NOFAs and application forms for HUD programs announced through NOFAs may be downloaded from the grants.gov website at

http://www07.grants.gov/applicants/apply for grants.jsp; if you have difficulty accessing the information, you may receive customer support from Grants.gov by calling its Support Desk at 800-518-GRANTS, or by sending an email to <a href="mailtosupport@grants.gov">support@grants.gov</a>. The Grants.gov help desk is open 7 days a week, 24 hours a day, except federal holidays.

You may request general information from the NOFA Information Center at 800-HUD-8929 or 800-HUD-2209 (TTY) between the hours of 10 a.m. and 6:30 p.m. eastern time, Monday through Friday, except on federal holidays. When requesting information, please refer to the name of the program you are interested in. The NOFA Information Center opens for business simultaneously with the publication of the **General Section**.

## B. Content and Form of Application Submission

- 1. <u>Application Submission Requirements</u>. Be sure to read and follow the application submission requirements carefully.
- a. Page Numbering. All pages of the application must be numbered sequentially.
- b. Application Items. Your application must contain the items listed below.
  - (1) An abstract or summary of the proposed project with:
    - (a) The dollar amount requested;
- (b) If you are a federally recognized Indian tribe, the funding category under which you are applying, either Category 1 Single Purpose Grant or Comprehensive Grant; or a Category 2 "Economic Development and Entrepreneurship" grant;
- (c) If you are applying for a Category 1 grant whether it is a Single Purpose Grant or a Comprehensive Grant.
- (d) For Rating Factor 2, "Demographics of Distress-Special Factors" under Rating Factor 2 (Need and Extent of the Problem, section V.A.2.), which of the four definitions of the term "eligible rural area" set forth in Section I.B.6. of this NOFA applies to the proposed service area, and accompanying documentation as indicated on the SF424 form.
- (e) Provide a description of the proposed Rural Fund project (see definition of project in section I.B.16.).
  - (2) Table of Contents.
- (3) A signed Application for Federal Assistance (SF424) (application form) Applicants must also include the nine digit Zip Code (Zip Code plus four digits) associated to the applicant address in box 8d of the SF424. Also, be sure to provide a Project Name in Line 11 of the SF424 (Application for Federal Assistance), and use the same Project Name in all references to the application. Be sure to complete the SF424 cover page first, as the information from the cover page will be pre-populated. In addition, a brief (one or two paragraph) description of all the activities that are integrally related to the Rural Fund project and that comprise the proposed project that is discussed in the narrative statements in response to the Rating Factors. This project description does not count toward the 15-page overall limitation for Category (1) Single

Purpose Grants or Category (2) Economic development and entrepreneurship for Federally Recognized Indian Tribes, or the 25-page limit for Category (2) Comprehensive Grants.

- (4) SF424 Supplement Survey on Equal Opportunity for Applicants "Faith Based EEO Survey" (SF424 SUPP) on Grants.gov (optional submission).
- (5) Disclosure of Lobbying Activities (SFLLL). Note that Federally recognized Indian tribes are not required to submit this form (see the **General Section**).
- (6) Applicant/Recipient Disclosure/Update Report (HUD2880) "HUD Applicant Recipient Disclosure Report" on Grants.gov.
- (7) Program Outcome Logic Model (HUD96010). Applicable for all three funding categories. The Logic Model for this NOFA is contained in the application instructions download. Applicants must carefully read the instructions in the logic model under the Instructions Tab. Be sure to enable the macros when opening the eLogic Model<sup>®</sup> Excel workbook.
- (8) A budget for all funds (federal and non-federal including the Detailed Budget Form (HUD424CB) and the Grant Application Detailed Budge Worksheet (HUD 424CBW).
- (9) Certification of Consistency with the Consolidated Plan (HUD2991). Note this is applicable to state housing finance agencies and state community and/or economic development agencies.
- (10) Acknowledgment of Application Receipt (HUD2993), for applicants submitting paper applications only.
- (11) Documentation of funds pledged in support of Rating Factor 4 "Leveraging Resources." This documentation, which will not be counted in the specified page limitation in IV.B.1.b.(14) below, must be in the form of a "firm commitment" as defined in Section I.B.9. of this NOFA.
- (12) If you are a private nonprofit organization, a copy of your organization's IRS ruling providing tax-exempt status under section 501 of the Internal Revenue Code of 1986, as amended.
- (13) If you are applying as a consortium, you must provide a copy of the consortium agreement. An agreement of commitment to work together must be submitted with the application, and must be executed by all consortium members. See the definition section for "consortium" for the details of what must be in the agreement.
- (14) Narrative response to Factors for Award. For Category 1 applicants for a Single Purpose Grant and for Category 2 applicants, the total narrative response to all factors should not exceed 15 pages and should be submitted on 8.5 x 11 inch single-sided paper with 12-point font and double lined spacing. Please note that submitting pages in excess of the page limit will not disqualify your application. However, HUD will not consider or review the information on any excess pages, and if you place key information on those pages, you may fail to meet a threshold requirement.

For Category 1 applicants for a Comprehensive Grant, the total narrative response to all factors should not exceed 25 pages and should be submitted on 8.5 x 11 inch single-sided paper, with 12-point font and double lined spacing. Please note that submitting pages in excess of the page limit will not disqualify your application. However, HUD will not consider or review the information on any excess pages, and if you place key information on those pages, you may fail to meet a threshold requirement.

(15) All applicants are required to use the following format in their narrative responses to the rating factors included in the program NOFA:

Rating Factor	Title	Maximum Points	Project Type	
1	Capacity of the Applicant and Relevant Organizational Experience	20	ALL	
1(a)	Applicant Capacity (doubled if no partner or consortium)	(up to 10)	ALL	
1(b)	Partner Capacity or if applicable consortium member capacity	(up to10)	ALL	
2	Need and Extent of the Problem (select four 2(a) through 2(f)	20	20 ALL	
	Project Area Description-Narrative		ALL	
2(a)	Poverty Rate	(up to 5)	ALL	
2(b)	Unemployment Rate	(up to 5)	ALL	
2(c)	Dilapidate or Abandoned Housing	(up to 5)	ALL	
2(d)	Foreclosed Housing	(up to 5)	ALL	
2(e)	Other Indicators of Economic Decline	(up to 5)	ALL	
2(f)	Demographics of Distress – Special Factor	(up to 5)	ALL	
3	Soundness of Approach	23	ALL	
3(a)	Consistency/Appropriateness of Proposed Activities with Identified Need	(up to 5)	ALL	
3(b)	Management Plan	(up to 18)	Category 1 – Single Purpose or Category 2 Indian Tribe Economic Development	
3(c)	Description of Comprehensive Approach	(up to 18)	Category 2 – Comprehensive	
4	Leveraging Resources	20	ALL	
5	Achieving Results, Program Evaluation and Department Policy Priorities	17	ALL	
5(c)	Logic Model	(up to 12)	ALL	
5(d)(1)	Policy Priority: Job Creation/Employment	(up to5)	ALL	
5(d)(2)	Policy Priority: Sustainability	(up to5)	ALL	
Bonus	Located in a Federally Designated	· • /		
	Renewal Community, Round II or Round II Empower Zone	2	ALL	

See Section V. of this NOFA for further details.

(16) Comprehensive Grant applications must include a Sources and Uses Table. See below.

Category 1 Comprehensive Grant applicants must submit a "Sources and Uses" table. Each row is used to identify each major activity that will be undertaken as part of the comprehensive neighborhood project. Each column is used to identify the source of funding and the amount of

funds that will be used to carry out that particular source's share of the activities identified by row. A "Sources and Uses" table should follow the following format:

Example: Sources & Uses Table for Category 1 Comprehensive Grants

Uses Sources	HUD Rural	Applicant	Partner	Partner #2	Total
Uses Sources	Fund	/Consortium	(Name)	(Name)	Total
Acquisition of Land	\$100,000			\$600,000	\$700,000
Housing Construction	\$600,000			\$2,400,000	\$3,000,000
Housing Rehab.	\$600,000	\$1,000,000			\$1,600,000
Infrastructure			\$4,000,000		\$4,000,000
<b>Business Creation</b>	\$500,000	\$400,000			\$900,000
Technical Assistance	\$100,000				\$100,000
Administration	\$100,000				\$100,000
Total	\$2,000,000	\$1,400,000	\$4,000,000	\$3,000,000	\$10,400,000

(Note that the dollar values are just examples, and do not reflect HUD's preferences. Provide an additional column for each additional partner.)

- (17) In order to qualify for the two bonus points for a proposed activity/project to be carried out in a designated Renewal Community (RC), an Empowerment Zone (EZ), or Enterprise Community-II, the applicant must submit a form HUD2990, certified by a person authorized to certify on behalf of the RC/EZ/EC-II or by the Chair of the governing body of the RC/EZ/EC, certifying that the proposed Rural Fund activities in the application furthers or supports the strategic plan for a zone that was designated by HUD or the U.S. Department of Agriculture. See Section V.A.1.a. of the **General Section** for further information.
- (18) In accordance with Section III. C.5.b. of the **General Section**, successful applicants engaged in housing or housing related activities are obliged to affirmatively further fair housing including taking reasonable steps to overcome impediments to fair housing choice in its service area. Note this provision is not applicable to Category 2, Economic Development and Entrepreneurship activities for Federally Recognized Indian Tribes nor is it applicable for Category 1, Single Purpose or Comprehensive Grants, where the recipient is a Federally Recognized Indian Tribe. Such actions include:
- (a) Identify Impediments to Fair Housing Choice Applicants must submit a description of impediments to fair housing in their jurisdiction or service area.
- (b) Specify Activities to Affirmatively Further Fair Housing –Applicants must describe how they will address impediments to fair housing, including specifying applicable and eligible uses of the Rural Fund grant for example, housing counseling to make persons aware of discriminatory practices, going beyond the requirements of federal accessibility standards by incorporating universal design concepts into units not subject to federal standards, language assistance services to persons with limited English proficiency (on the basis of national origin), affirmative fair housing marketing, or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for persons in classes protected by the Fair Housing Act. Note that States participate in the Community Development Block Grant program for nonentitled areas which are primarily rural areas of the state. Each state is required to have an analysis of impediments to fair housing. Each applicant is encouraged to check its State's

Analysis of Impediments for information on what impediments the State has identified as well as strategies and actions the State is undertaking to address the identified fair housing impediments.

(c) Reporting---Applicants are obliged to maintain records of their activities to affirmatively further fair housing and describe how they plan to document such activities, as well as maintaining records on the race, ethnicity, disability status, and family status of the beneficiaries of Rural Fund programs. Form HUD27061 should be used to report racial and ethnic data.

## C. Timely Receipt Requirements.

- 1. Your completed application must be received by Grants.gov no later than 11:59:59 p.m. eastern time on the application deadline date. Following receipt the application will go through a validation process. If the application fails the Grants.gov validation process, it will be rejected. Please see the 2010 **General Section** for instructions for timely receipt, including actions to take if the application is rejected. Applicants should carefully read the section titled "INSTRUCTIONS ON HOW TO DOWNLOAD AND APPLICATION PACKAGE AND APPLICATION INSTRUCTIONS" in the 2010 **General Section**. This section contains information on using Adobe Reader, HUD's timely receipt policies, and other application information.
- 2. Only one application will be accepted from any given organization or consortium. If more than one application is received from an organization, the application that was received first by Grants.Gov will be considered for funding. Any subsequent application from that organization will be deemed ineligible. Note that if an eligible entity is also a member of a consortium, HUD will not accept a separate application from that entity.
- D. **Intergovernmental Agency Review** Intergovernmental agency review is not required for this program.

#### **E. Funding Restrictions**

- 1. <u>Administrative Costs</u>. Administrative costs (see the definition in I.B.1.) for assistance under the program may not exceed 10 percent of the total HUD Rural Fund grant award. **Note that the budget forms HUD424CB and HUD 424CBW may not contain a budget line for indirect costs unless the applicant has a federally approved indirect cost allocation plan.**
- 2. <u>Technical Assistance Costs</u>: Funding for technical assistance is limited to no more than 5 percent of the total grant award and is limited to address an identified area of need or expertise described in the application.
- 3. <u>Ineligible Activities</u>. Rural Fund grant funds cannot be used for the following activities:
- a. Income payments to subsidize individuals or families;
- b. Political activities;
- c. General governmental expenses; or
- d. Projects or activities intended for personal gain or private use.

- 4. Limits on Availability of Funds Appropriated for a Finite Period of Time. The appropriation accounting provisions in 31 U.S.C. 1551-1557 limit the availability of certain appropriations for expenditure. These provisions require the withdrawal from recipients' lines of credit funds that have not been expended and drawn down from the line of credit at the end of the Fiscal Year of availability of the subject funds. FY 2010 Rural Innovation Funds under this NOFA must be expended and disbursed by the U.S. Treasury by September 30, 2016. For internal administrative and accounting purposes, HUD may establish in the grant agreement a deadline for drawdowns prior to September 30, 2016. Failure to drawdown funds by such time would result in the loss of grants funds that might otherwise have been anticipated to meet legitimate and earned grant obligations. There is no recourse to such loss of funds.
- F. Other Submission Requirements. You must meet all submission requirements and instructions described in the **General Section**. Refer to the **General Section** for detailed submission instructions, including methods and deadlines for submission.

Waiver of Electronic Submission Requirements. Applicants interested in applying for funding under this NOFA must submit their applications electronically via Grants.gov or request a waiver. Applicants must follow the instructions for electronic transmission unless a waiver of the electronic application requirement, in accordance with HUD's waiver policy of 24 CFR 5.1005, is approved by HUD. Applicants requesting a waiver should submit their waiver request in writing via a letter or fax. A waiver request must be submitted no later than 15 days prior to the application deadline date and must be submitted to:

Rural Fund Program
Application Waiver Request
Office of the Deputy Assistant Secretary for Economic Development
U.S. Department of Housing and Urban Development
4571 7th Street, SW Room 7136
Washington, DC 20410
FAX: (202) 401-2231

Applicants who are granted a waiver based on a justification for cause approved by HUD must submit their applications in accordance with the requirements stated in the approval to the waiver request. Paper applications will not be accepted from applicants who have not been granted a waiver. All applications in paper format must have received a waiver to the electronic application requirement and the application must be received by HUD on or before the application deadline date.

## V. Application Review Information

A. **Criteria**. Carefully review all the Application Review procedures in Section V of the **General Section**. In addition, the following Rating Factors for Category (1) Single Purpose and Comprehensive Grants and Category (2) Economic Development and Entrepreneurship Grants for Federally Recognized Indian Tribes grant applications will be used to rate your application.

1. Rating Factor 1 - Capacity of the Applicant and Relevant Organizational Experience (maximum of 20 points). This rating factor addresses the extent to which you have the organizational resources necessary to successfully implement your proposed workplan, as further described in Rating Factor 3, within the 36-month award period.

This rating factor addresses the qualifications and experience of the applicant and participating parties to carry out the objectives of the proposed activities within a reasonable time period. HUD will review and evaluate the information provided documenting capacity. For all funding categories, you must submit evidence of the experience and organizational resources that you (and members of a consortium if a Category 1 Comprehensive Grant applicant) and your partners (if any) have that indicates your team members will be able to successfully implement the proposed activities in a timely manner. Where appropriate, the applicant should provide specific qualitative and quantitative measures of results achieved in carrying out prior successful projects and activities.

a. Applicant Capacity (Up to 10 points). The applicant should demonstrate that it has the organization, the staff, and the financial resources in place to implement the specific steps required to successfully carryout out the proposed project. The applicant should offer evidence of this capacity through a description of the successful performance of other projects and activities that are of the same type, scope, and level of complexity as the project that the applicant proposes to carryout with its Rural Fund grant. HUD will also consider the relevant recent experience of your project director and core staff. In judging your response to this factor, HUD will only consider work experience gained within the last seven years. When responding, please be sure to provide the dates, job titles, and relevancy of the past experience to the work proposed and to the roles your team members played in implementing the successful projects above. The more recent, relevant, and successful the experience of your team members is in relationship to the work plan activities, the greater the number of points you will receive. Please do not include the Social Security Numbers (SSN) of any staff members. Your description should also describe the extent to which you can demonstrate your organization's ability to manage a workforce composed of full-time or part-time staff.

The Rural Fund grant program authorizes up to five (5) percent of the grant to be used for needed technical assistance. If you have included a request for technical assistance, you must describe the nature and extent of the need for technical assistance, why the organization lacks specific capacity in a defined area that is crucial to the successful implementation of the proposed project. If for example, your organization has previously carried out housing rehabilitation but has had limited experience with lead based paint requirements or limited experience in carrying out Energy Star qualified rehabilitation, then a description of this need and how it relates to the successful implementation of your program would be responsive to this factor. An application that has funds identified for technical assistance without adequately identifying the extent and nature of the need for the technical assistance, how the technical assistance needs are planned to be addressed, the impact on the timeliness of the project and project completion, a risk analysis of the impact of the need for TA on potential project work activities and timelines and timely use of funds, as well as completion of activities on time and within budget will result in that line item not being allowed for funding. If the applicant has

proposed the use of Rural Funds for technical assistance, up to two points will be deducted from this subfactor if the description of need for Technical Assistance is not addressed.

If the applicant will be relying on partners to perform aspects of the program, the applicant must provide evidence of working with and integrating the contributions of partners in other successful projects. Note that if the applicant's proposal does not include or is not dependent upon the participation of other partners/members, then the applicant's score for this subfactor will be doubled. (Note the capacity of partners or members of a consortium will be evaluated in b. below.)

- b. Partner Capacity or if applicable Consortium Member Capacity (Up to 10 points). In response to this subfactor b., the applicant should describe the experience and performance of each of its identified partners or consortium member, if applicable. The response should clearly identify the specific role each partner or consortium member (the "member") will play in implementing the project, the identified activities for which the partner/member is responsible, the relationship between the applicant and the partner/member, and a description of the partner's/member's capacity to successfully carryout the identified component(s) of the project. The applicant should provide specific descriptions of the partner's/member's quantified accomplishments and should specify the timeframe during which those accomplishments were achieved. These descriptions should demonstrate the extent to which partners/members have previously successfully carried activities of a similar scope, size, magnitude and complexity as the project elements that the partners/members are expected to carry out under your proposal for the Rural Fund program. Note that if the applicant's proposal does not include or is not dependent upon the participation of other partners/members, then the applicant's score for subfactor a, will be doubled.
- 2. Rating Factor 2 Need and Extent of the Problem (Maximum of 20 points) The Rural Fund program is designed to address the problems of rural poverty, inadequate housing, and lack of economic opportunity. This factor addresses the extent to which there is a need for funding the proposed activities based on levels of distress, and the urgency of meeting the need/distress in the applicant's target area. There are six subfactors each worth 5 points. In no event may an applicant receive more than 20 points total. The applicant should choose those subfactors that best reflect the needs that its Rural Fund proposal will address.

**Project Area Description**: The applicant must provide a quantitative description of the area to be served by the project. In addition to providing the location, the size, the census tract and Block Groups in the target area, you should provide a description of the nature and character of the area to be served, i.e. number of housing units, families, businesses, existing infrastructure or lack thereof.

In responding to this factor, applications will be evaluated on the extent to which the level of need for the proposed activity and the urgency in meeting the need are documented and compared to target area and national data. Below are six indicators of need. Each indicator is worth up to five points. The applicant should identify the four indicators that best demonstrate the needs to be served by the Rural Fund project.

In applying this factor, HUD will compare the current levels of need in the area (i.e., Census Tract(s) or Block Group(s) immediately surrounding the project site or the target area to be served by the proposed project to national levels of need. This means that an application that provides data that show levels of need in the project area at a percent greater than the national average will be rated higher under this factor.

a. Instructions for using HUD's web mapping tool. The applicant must use HUD's web mapping tool for all subfactors (c)(1) through (c)(4) below. Use the following Internet URL to access the tool:

http://www.huduser.org/RFMap/RuralFund.html.

(Note, you must provide a ".pdf" file generated by this tool for you the demographics for your eligible target area produced by using this tool, in the attachments section of your application.) The web tool will provide the target area demographics for the target area entered as well as the national percentages for subfactors (c)(1) through (c)(4).

Enter the required data to be a registered user. This will include your e-mail address. Enter your project area that you described above. The system will send you an e-mail with an Adobe Acrobat (.pdf) file of the selected information for your project area. Rename the file, keeping the ".pdf" extension with the applicant's name, the word "RuralFund2010-Distress-Criteria". When you are uploading application components to your Grants.Gov application, include this file as part of the "upload."

HUD will overlay the locally defined project area boundaries with the smallest available statistical boundar(ies) associated with that area and estimate the target area's poverty rate, extremely low-income rate, vacancy rate, and other measures of distress using a proportional allocation methodology to determine if the neighborhood meets eligibility criteria. For example, if census tract is the smallest statistical boundary for the available data and the locally defined neighborhood is partially within two different census tracts, the poverty rate would be calculated based on the portion of the neighborhood housing units (at the block level) located in each tract. In this example, 80 percent of the housing units in the locally defined neighborhood are in a tract with a poverty rate of 40 percent and 20 percent of the units are in a tract with a poverty rate of 10 percent. The "project area poverty rate" would be calculated as: (80% x 40%) + (20% x 10%) = 34%. To assist potential applicants, HUD is making available on www.hud.gov/cn a tool that can be used to draw the boundaries of their neighborhood. You must provide a pdf of your eligible neighborhood map, produced by using this tool, in the attachments section of their application. HUD will calculate the poverty rate, extremely low-income rate, and residential vacancy rate for the target area.

b. Applicants should provide data that address indicators of need as follows:

(Note that subfactors b.(1) through b.(4) are produced by the HUD mapping tool described above. Each applicant must use this tool and submit a .pdf file that the HUD mapping tool will send to you via e-mail.)

(1) <u>Poverty Rate for the target area</u> (**up to 5 points**) – HUD's Rural Fund mapping tool will provide the applicant with the following data elements:

<u>Local Poverty Rate</u> - Target Area (Census 2000): Number of Persons; Percent of Poverty, Percent Extremely Low-Income

County Trend Data – Poverty Rate Change 2000 to 2008 – may be used to support subfactor (5) below.

Points for the <u>Local Poverty Rate</u> for the target area compared to national data will be awarded as follows:

- (a) Less than the national average = 0 points;
- (b) Equal to or less than twice the national average = 1 point;
- (c) Twice but less than three times the national average = 3 points;
- (d) Three or more times the national average = 5 points.

National Poverty Rate used for National Average

Number of persons (Census 2000)

Percent in Poverty;

Percent Extremely Low-Income

Also for trend data element – the National Rate Change 2000 to 2008

(2) <u>Unemployment for the target area</u>. (**up to 5 points**) HUD's Rural Fund mapping tool will provide the applicant with the following data elements:

<u>Local Unemployment Rate</u> – Target Area (BLS Place or County Data 2009): Number of persons in the labor force; and Percent Unemployed.

County Trend Data — Change in labor force 2005 to 2009 and change in unemployment rate 2005 to 2009. This data may be used to support subfactor (5) below. Points for the Local Unemployment Rate for the target area compared to national data will be awarded as follows:

- (a) Less than the national average = 0 points;
- (b) Equal to or less than 1.5 times the national average = 1 point;
- (c) 1.5 times but less than 1.75 times the national average = 3 points; or
- (d) 1.75 times or more than the national average = 5 points.

## National Unemployment Rate used for National Average

Number persons in Labor Force (BLS Place or County Data 2009)

Percent Unemployed

National Trend Data Provided

Change in Labor Force 2005 to 2009

Change in unemployment rate 2005 to 2009

## (3) <u>Dilapidated or abandoned housing for the target area.</u> (up to 5 points)

HUD's Rural Fund mapping tool will provide the applicant with the following data elements:

Target Area – a proxy generated for dilapidated housing:

Number of housing units (Census 2000);

Percent pre-1970 poverty renter (not manufactured homes);

Percent pre-1950 poverty owner (not manufacture homes);

Percent manufactured homes pre-1970;

Percent without complete kitchen or plumbing;

Sum of proxy data for dilapidated housing.

National HUD Proxies for Dilapidated

Number of housing units (Census 2000):

Percent pre-1970 poverty renter (not manufactured home):

Percent pre-1950 poverty owner (not manufactured home):

Percent manufactured homes pre-1970:

Percent without complete kitchen or plumbing:

Sum of proxy data for dilapidated housing:

<u>Target Area – a proxy generated for abandoned housing:</u>

Number of Residential addresses (USPS September 2010);

Percent "vacant" 1 year or longer (adjusted for vacation rentals);

Percent "no stat" 1 year or longer (adjusted for vacation rentals);

Sum of proxy data for abandoned housing

Points for Dilapidated or abandoned housing for the target area compared to national data will be awarded as follows:

- (a) Less than the national average = 0 points;
- (b) Equal to or less than twice the national average = 1 point;
- (c) Twice but less than three times the national average = 3 points;
- (d) Three or more times the national average = 5 points.

National HUD Proxies for Abandoned Housing

Number of Residential Addresses (USPS September 2010):

Percent "vacant" 1 year or longer (adjusted for vacation rentals):

Percent "no stat" 1 year or longer (adjusted for vacation rentals):

Sum of proxy data for abandoned housing

## (4) <u>Foreclosed housing for the target area.</u> (**up to 5 points**)

HUD's Rural Fund mapping tool will provide the applicant with the following data elements - Target Area – a proxy generated for:

Number of mortgages made 2004 to 2007 (HMDA):

Percent estimated to have started foreclosure or become REO in past 3 years;

NSP 3 Risk Score.

Points for Foreclosed housing for the target area compared to national data will be awarded as follows:

- (a) Less than the national average = 0 points;
- (b) Equal to or less than 1.5 times the national average = 1 point;
- (c) 1.5 times but less than 1.75 times the national average = 3 points; or
- (d) 1.75 times or more than the national average = 5 points.

## National Data for Foreclosed Housing

Number of mortgages made 2004 to 2007 (HMDA):

Percent estimated to have started foreclosure or become REO in past 3 years:

NSP 3 Risk Score:

(5) Other indicators of social or economic decline that best capture the applicant's local situation (up to 5 points). Data that could be provided under this section are information on the community's stagnant or falling tax base, including recent commercial or industrial closings; housing conditions, such as the number and percentage of substandard or overcrowded units; rent burden (defined as average housing cost divided by average income) for the target area; local

crime statistics, falling property values, etc. References to such documents should be included in preparing the response to this factor.

- (6) <u>Demographics of Distress Special Factors (5 points)</u>. Because HUD is concerned with meeting the needs of certain underserved areas, you will be awarded a total of five points if you are located in or propose to serve one or more of the following populations, or if your application demonstrates that 100 percent of the beneficiaries supported by the Rural Fund grant is in one or more of the following populations. You must also specifically identify how each population will be served and that the proposed service area meet the definition of "eligible rural area" in Section I.B.6. of this NOFA:
  - (a) Areas with very small populations in non-urban areas (2,500 population or less);
  - (b) Seasonal farm workers;
  - (c) Federally recognized Indian tribes;
  - (d) Colonias;
  - (e) Appalachia's Distressed Counties; or
  - (f) The Lower Mississippi Delta Region (eight states and 240 counties/parishes). For these underserved areas, you should ensure that the populations that you serve and the documentation that you provide are consistent with the information described in the above paragraph under this rating factor.
- d. Other data used to support the level of need must be cited to identify those sources of data. HUD requires use of sound, verifiable, and reliable data (e.g., U.S. Census data, state statistical reports, university studies/reports, or Home Mortgage Disclosure Act or Community Reinvestment Act databases) to support distress levels cited in each application. See http://www.ffiec.gov/ or http://www.ffiec.gov/webcensus/ffieccensus.htm for census data. A source for all information along with the publication or origination date must also be provided.

Updated Census data are available for the following indicators:

- (a) Unemployment rate estimated monthly for counties/parishes, with a 2-month lag;
- (b) Population estimated for incorporated places and counties/parishes, through 2000;
- (c) Poverty rate through 2000.
- 3. Rating Factor 3 Soundness of Approach (Up to 23 points). This factor addresses the overall quality of your proposed work plan, taking into account the project and the activities proposed to be undertaken; the cost-effectiveness of your proposed program; and the linkages between identified needs, the purposes of this program, and your proposed activities and tasks. In addition, this factor addresses your ability to ensure that a clear linkage exists between innovative rural housing and economic development for Category 1 applicants. For Category 2 (Economic Development and Entrepreneurship for Federally Recognized Indian Tribes), this factor addresses your ability to ensure that the activities promote economic development and entrepreneurship and may include capitalization of revolving loan programs and business planning and development activities.
- a. Criteria applicable to all applicant categories (**maximum of 5 points**): Consistency/Appropriateness of Proposed Activities with Identified Needs. In response to this subfactor, the applicant must describe:

- (1) the extent to which the proposed plan for the use of Rural Fund will address the needs described in Rating Factor 2 above regarding the distress and extent of the problem in the target area or area to be benefited and the long-term benefit for current residents of the target area. The applicant should provide a clear and quantified explanation of this relationship;
- (2) pursuant to Section IV.B.1.b.(18) of this NOFA, any impediments to fair housing identified in the jurisdiction's Analysis of Impediments to Fair Housing Choice that will be directly addressed by the proposed project. See Section IV.B.1.b.(18) of this NOFA for examples of general affirmative fair housing actions that may be undertaken to address a jurisdiction's Analysis of Impediments to Fair Housing Choice. Note that HUD's regulations governing the requirement for a jurisdiction to conduct an Analysis of Impediments to Fair Housing Choice is not applicable to federally recognized Indian tribes. Under this subfactor, an Indian tribe will be rated solely under subfactor 3. a. criterion (1) and (3) for up to 5 points; and
- (3) the activities that will be carried out with the Rural Fund grants, the projected timeframe for carrying out the activities, and the extent to which other third parties must assist or cooperate in order for you, the applicant, to be able to carry out the Rural Fund activities. If the project includes construction, the applicant must identify the extent to which site control is needed and the status of the applicant's control of the site.

## b. <u>Category 1, Single Purpose Grants and Category 2 Economic Development and Entrepreneurship for Federally Recognized Indian Tribes (maximum of 18 points)</u>.

Management Plan. A clearly defined management plan should be submitted that identifies each of the projects and activities you will carry out to further the objectives of this program and addresses the needs identified in Factor 2. The populations that were described in Rating Factor 2 for the purpose of documenting need must be the same populations that will receive the primary benefit of the activities, both immediately and over the long term. The benefits should be affirmatively marketed to those populations least likely to apply for and receive these benefits without such marketing. Your timetable should address the measurable short-term and long-term goals and objectives to be achieved through the proposed activities based on annual benchmarks; the method you will use for evaluating and monitoring program progress with respect to those activities; and the method you will use to ensure that the activities will be completed on time and within your proposed budget estimates. Your management plan must also include the budget for your program, broken out by line item. Documented projected cost estimates from outside sources are also required. Applicants should submit their work plan on a spreadsheet showing each project to be undertaken and the tasks (to the extent necessary or appropriate) in your work plan to implement the project with your associated budget estimate for each activity/task. Your work plan should provide the rationale for your proposed activities and assumptions used in determining your project timeline and budget estimates. Failure to provide your rationale may result in your application receiving fewer points for lack of clarity in the proposed management plan.

This subfactor should include information that indicates the extent to which you have coordinated your activities with other known organizations (e.g., through letters of participation or coordination) that are not directly participating in your proposed work activities, and with whom you share common goals and objectives to work toward meeting these objectives in a holistic and comprehensive manner. The goal of this coordination is to ensure that programs do not operate in isolation. Additionally, your application should demonstrate the extent to which

your program has the potential to be financially self-sustaining by decreasing dependence on Rural Fund grant funding and relying more on state, local, and private funding. The goal of sustainability is to ensure that the activities proposed in your application can be continued after your grant award is complete.

- c. <u>Category 1, Comprehensive Grants</u>. (**maximum of 18 points**). Consistency/Appropriateness of Proposed Activities with Identified Needs. In response to this subfactor, the applicant must describe:
- (1) The extent to which the proposed Rural Fund project and other resources demonstrates that the project will successfully address the identified needs of the project area. HUD will also judge the extent to which the proposed project and activities are logical, feasible and consistent with the target area's resources, assets, and opportunities;
- (2) The extent to which the applicant has identified the nature, purpose and scope of each of the specific activities making up the Comprehensive grant proposal and taken as a whole demonstrates a coherent, comprehensive strategy for addressing the project area's needs;
- (3) The extent to which the time-frame and sequence for implementation of each activity is logical and feasible for addressing the area's needs and will produce near term, measurable housing and economic benefits for the project area, within a five year period following grant award;
- (4) The extent to which, if applicable, consortium members' roles, functions, and demonstrated capacity will bring about the success of the proposed project;
- (5) Project Costs and Financial Requirements. A funding sources and uses statement (see sample format at IV.B.1.b.(16) of this NOFA) must also be provided that specifies all sources of funds for each identified use or activity and demonstration that the costs are reasonable;
- (6) The extent to which the applicant has demonstrated a new or innovative approach to addressing the components' interrelated problems of concentrated rural poverty due to a lack of jobs and the lack of affordable housing; and
- (7) The extent to which the applicant's proposal is replicable and self-sustaining after the award of the Rural Fund grant.
- 4. Rating Factor 4 Leveraging Resources (maximum 20 points). This factor addresses the extent to which applicants have obtained firm commitments of financial or in-kind resources from other federal, state, local, and private sources. For every Rural Fund program dollar anticipated, you should provide the specific amount of dollars leveraged. In assigning points for this criterion, HUD will consider the level of outside resources obtained in the form of cash or in-kind goods or services that support activities proposed in your application. HUD will award a greater number of points based on a comparison of the extent of leveraged funds with the requested Rural Fund award. The level of outside resources for which commitments are obtained will be evaluated based on their importance to the total program. Your application must provide evidence of leveraging in the form of letters of firm commitment from any entity, including your own organization that will be providing the leveraging funds to the project. Each commitment described in the narrative of this factor must be in accordance with the definition of "firm commitment," as defined in Section I.B.9. of this NOFA. The commitment letter must be on letterhead of the participating organization, must be signed by an official of the organization legally able to make commitments on behalf of the organization, and must not be dated earlier than the date this NOFA is published. Note that HUD, in its sole discretion, may award partial

points for commitment letters that do not meet one or more of the requirements necessary to be deemed a "firm commitment." In no event shall the partial points be more than one-half of the points otherwise available based upon the leveraged amounts described below.

Points for this factor will be awarded based on the satisfactory provision of evidence of leveraging and financial sustainability, as described above, and the ratio of leveraged funds to requested HUD Rural Fund grant funds as follows:

- a. 50 percent or more of requested HUD Rural Fund grant funds = 20 points;
- b. 49-40 percent of requested HUD Rural Fund grant funds = 18 points;
- c. 39-30 percent of requested HUD Rural Fund grant funds = 16 points;
- d. 29-20 percent of requested HUD Rural Fund grant funds = 14 points;
- e. 19-9 percent of requested HUD Rural Fund grant funds = 12 points;
- f. Less than 9 percent of HUD requested Rural Fund grant funds = 0 points.

See the **General Section** for instructions for submitting third-party letters and other documents with your electronic application.

# 5. Rating Factor 5 - Achieving Results, Program Evaluation and HUD's Policy Priorities (maximum 17 points)

a. Achieving Results and Program Evaluation (maximum 12 points) This subfactor emphasizes HUD's commitment to ensure that applicants keep promises made in their application. This factor assesses your proposed performance to ensure that rigorous and useful performance measures are used and goals are met. Achieving results means you, the applicant, have clearly identified the benefits or outcomes of your program. Outcomes are ultimate project end goals. Benchmarks or outputs are interim activities or products that lead to the ultimate achievement of your goals. Program evaluation requires that you, the applicant, identify program outcomes, interim products or benchmarks, and performance indicators that will allow you to measure your performance. Performance indicators should be objectively quantifiable and measure actual achievements against anticipated achievements. Your evaluation plan should identify what you are going to measure, how you are going to measure it, and the steps you have in place to make adjustments to your work plan if performance targets are not met within established time frames.

HUD will evaluate and analyze how well an applicant implemented the required Rural Fund output and outcome goals and identified other stated benefits or outcomes of the applicant's program. In order to receive the highest number of points, applicants should present a clear plan to address the Rural Fund output and outcome measures.

- (1) <u>Output Measures</u> are quantifiable. Rural Fund outputs might include: number of housing units constructed or rehabilitated that will be made available to low- to moderate-income participants; number of jobs created; number of participants trained; number of new businesses created; and number of existing businesses assisted.
- (2) <u>Outcomes Measures</u> are benefits accruing to the program participants and/or communities during or after participation in the Rural Fund program. Rural Fund outcomes might include: reduction in the housing cost burden for low- to moderate-income participants,

the number of housing units rehabilitated that will be made available to low-to-moderate-income participants; the percentage change in earnings as a result of employment for those participants; the percent of participants trained who find a job; annual estimated savings for low-income families as a result of energy efficiency improvements; and the increase in organizational resources as a result of assistance (e.g., dollars leveraged).

You must clearly identify the outcomes to be achieved and measured. Proposed program benefits should include program activities, benchmarks, and interim activities or performance indicators with timelines. Applications should include an evaluation plan that will effectively measure actual achievements against anticipated achievements.

(3) <u>Logic Model</u>. HUD requires Rural Fund applicants to develop an effective, quantifiable, outcome-oriented evaluation plan for measuring performance and determining whether goals have been met using the Master Logic Model for the Rural Fund program. Your application must include the form to receive any points under this factor.

Although the following list is not all-inclusive, program outcomes for the Rural Fund program must include, where applicable:

- (a) Total number of housing units to be constructed;
- (b) Total number of housing units to be rehabilitated;
- (c) Number of Housing units to be rehabilitated that will be made available to low- to moderate- income participants;
- (d) Number of Housing units to be constructed that will be made available to low- to moderate- income participants;
  - (e) Number of jobs to be created;
- (f) Projected percentage change in earnings as a result of employment for those participants;
  - (g) Number of participants to be trained;
  - (h) Percent of participants to be trained who eventually will find a job;
  - (i) Number of new businesses to be created;
  - (i) Number of existing businesses to be assisted;
- (k) Annual estimated savings for low-income families as a result of energy efficiency improvements;

You will receive zero points if your application does contain the HUD Logic Model Form HUD96010 and does not meet the criteria listed above, or if your application does not address this factor to an extent that makes HUD's rating of this factor possible.

If you receive an award of funds, you will be required to use the Logic Model to report progress against the proposed outcomes in your approved application and award agreement.

The applicant's proposed budget must reflect a breakdown of the estimated dollar amount of the Rural Fund grant funding to be expended on each of the activities/outputs and the anticipated results included on the Form HUD96010 and under the Rating Factor 5 narrative section of your application.

b. **HUD's Policy Priorities (maximum 5 points).** Your application addresses the goals of Job

Creation/Employment **OR** Sustainability, two of HUD's 2010 policy priorities, as described in Section I.B.1. and 2. of the **General Section**.

Applicants who propose projects to undertake activities to create jobs and further local economic development particularly targeted to low-income populations and communities will receive one policy point. These activities should be more comprehensive than those required to meet HUD's Section 3 "local hire" requirements and should continue beyond the length of the program. Applicants who propose projects that actively promote sustainability through energy-efficient, environmentally friendly, healthy design, including elements of visitability and universal design will also receive one policy point.

- (1) **Job Creation/Employment (maximum of 5 points)**To receive points under the policy priority for Job Creation/Employment, an applicant must respond to item (a) or (b) below:
- (a) Expanding economic and job creation opportunity for low-income residents and creating better transportation access to those jobs and other economic opportunities by partnering with federal and nonprofit agencies, private industry, and other organizations by leveraging federal and private resources. An applicant must identify the work they plan to do with transportation agencies and related services, or partnerships they will create or have in existence with the public and private sector to increase access to jobs in the community. Grantees will be expected to report on outcome measures including the number of low-and moderate-income persons using transportation services to their place of employment; or the number of jobs made accessible through increased transportation services serving the community.
- (b) Increasing access to job training, career services, and work through coordination with federal, state and local entities. Applicants must identify job training, career services or work that will be made available to low- and moderate-income persons in the community. An applicant must identify the jobs persons will be trained for, the career potential of the jobs identified, and the duration of the training. Grantees will be expected to report on outcome measures including the number of low- and moderate-income persons that receive job training and obtain a job, the number of low- and moderate-income persons that receive career services to identify career paths to improve wages, or the number of low- and moderate-income persons that receive support services to enable them to retain their jobs during the grant period.
- (2) **Promote Sustainability (maximum of 5 points)** To receive a point under the policy priority for Sustainability, an applicant must respond to item (a), (b), or (c) below:
- (a) Improve residents' health and safety, particularly that of children and other vulnerable populations, by promoting green and healthy design in the construction, rehabilitation, and maintenance of housing and communities. An applicant must identify specific activities and projects that will improve the health and safety of children and vulnerable populations in the community through incorporation of green and healthy design features that meet or exceed the mandatory requirements identified in a green building standard, such as the Enterprise Green Communities "Healthy Living Environment" or similar requirements under national or locally recognized green rating programs. Grantees will be expected to report on outcome measures including the number of housing units built or rehabilitated to recognized green building standards, the number of buildings other than housing units built or rehabilitated to green building standards, or the number of children or vulnerable persons living in housing units that were rehabilitated or built to recognized green building standards.

- (b) Support and promote an energy-efficient, green, and healthy housing market by retrofitting existing housing or community facilities, supporting energy-efficient new construction, and improving home energy labeling. An applicant must demonstrate that the rehabilitation or construction of existing housing or community facilities meets recognized green building rating standards utilizing one of several recognized green rating programs for new construction or substantial rehabilitation. An applicant should also identify the buildings or units that will include healthy design features that meet or exceed the mandatory requirements identified in a green building standard. The application must indicate which standard will be used by the applicant. Grantees will be expected to report on outcome measures including the number of housing units or community facilities rehabilitated or constructed to meet energy efficiency and green development standards, or the number of housing units or community facilities rehabilitated or constructed to meet healthy design standards.
- (c) Promote the design and construction of buildings and communities which are accessible and visitable by people with disabilities. The applicant must identify housing, retail establishments, commercial facilities or community facilities that will be retrofitted or constructed to incorporate universal design and visitability standards. Grantees will be expected to report on outcome measures including the number of housing units or community facilities rehabilitated to incorporate universal design standards or visitability standards, or the number of housing units or community facilities constructed to incorporate universal design standards or visitability standards.
- 6. **RC/EZ/EC-II Bonus Points (2 points)** HUD will award two bonus points to all applications that include documentation stating that the proposed eligible activities/projects will be located in and serve federally designated renewal community (RCs), empowerment zone (EZs), or enterprise communities (ECs) designated by the U.S. Department of Agriculture (USDA) in round II RC/EZ/EC. A listing of federally designated RC/EZ/EC-II is available on the Internet at www.hud.gov/crlocator.

This notice contains a certification (Form HUD2990) that must be completed for the applicant to be considered for Rural EZ/Round II EC bonus points.

#### **B. Review and Selection Process**

- 1. Application Selection Process for Category (1) and Category (2).
- a. Initial screening. During the period immediately following the application deadline, HUD will screen each application to determine eligibility. Applications will be rejected if they:
  - (1) Are submitted by ineligible applicants;
  - (2) Do not serve an eligible rural area as defined in section I.B.6. of this NOFA;
  - (3) Do not meet the objectives of the Rural Fund program; or
  - (4) Propose a project for which the majority of the activities are ineligible.

## b. Rating and Ranking.

(1) <u>General</u>. To review and rate applications, HUD may establish panels that may include outside experts or consultants to obtain certain expertise and outside points of view, including views from other federal agencies.

- (2) <u>Rating</u>. All applicants for funding will be evaluated against applicable criteria. In evaluating applications for funding, HUD will take into account an applicant's past performance in managing funds, including the ability to account for funds appropriately, the applicant's timely use of funds received either from HUD or other federal, state, or local programs; its success in meeting performance targets for completion of activities; and the number of persons to be served or targeted for assistance. HUD may use information relating to these items based on information at hand or available from public sources such as newspapers, HUD Inspector General or Government Accountability Office reports or findings, data in the FAPIIS or other online databases such as the Denial of Limited Participation, Debarment/Suspension listing, etc., or hotline complaints that have been found to have merit, or other such sources of information. In evaluating past performance, HUD will deduct points from rating scores as specified under Rating Factor 1.
- (3) Ranking and Consideration for Funding. Applications will be ranked separately as follows: (a) all Category 1 Single Purpose Grant requests will be reviewed and ranked as a group; (b) all Category 1 Comprehensive Grant requests will be reviewed and ranked as a group; and (c) all Category 2 Economic Development and Entrepreneurship for Indian Tribe grant requests be reviewed and ranked as a group. Applications will be selected for funding in accordance with their rank order and in accordance with the funding allocation parameters for each program category as described in Section II.A.2. An application must receive a minimum score of 75 points to be eligible for funding. If two or more applications are rated fundable and have the same score, but there are insufficient funds to fund all of them, the application(s) with the highest score for Rating Factor 2 will be selected. If applications still have the same score, the highest score in the following factors will be selected sequentially until one highest score can be determined: Rating Factor 3, Rating Factor 1, Rating Factor 5, and Rating Factor 4.
- c. <u>Rating Factors for Award Used to Evaluate and Rate Applications</u>. The factors for rating and ranking applicants and the maximum points for each factor are provided above. The maximum number of points for this program is 102. This includes 100 points for all five rating factors and two RC/EZ/EC-II bonus points, as described above.
- d. Funding Selections. Based upon the criteria "a. c." above, HUD will make funding selections as follows:
- (1) Maximum amount established for Category 1 proposals is \$19,750,000. For Category 1, Single Purpose and Comprehensive, HUD will select Single Purpose applications that score 75 points or more in rank order until selections totaling \$7,500,000 have been reached. If there are an insufficient number of Single Purpose applications to utilize the full \$7,500,000 then the remaining amount funds will be available for Category 1 Comprehensive grants. If all \$7,500,000 is utilized for the Single Purpose grants, then of the remaining \$12,250,000 funds, HUD will evaluate the total number of unfunded Category 1 applications that rated above 75 points, the comparative scores of the unfunded Single Purpose and Comprehensive applications and determine what total amounts will be awarded to the remaining unfunded Single Purpose grants and Comprehensive grants. If the total number of Single Purpose grant applications that rank 75 points or more totals \$7,500,000 or less, HUD will allocate all of the remaining balance to Category 2 applications that rank 75 points or higher. HUD, in its sole discretion, may decide not to utilize the full amount of funds available.

- (2) Maximum amount established for Category 2 grants for Economic Development and Entrepreneurship for Indian Tribes is \$5,000,000. HUD will select Category 2 grant applications that score 75 points or more in rank order until selections totaling \$5,000,000 have been reached. If there are an insufficient number of Category 2 grant applications to utilize the full \$5,000,000 then the remaining amount funds will not be awarded during this competition, as the FY 2010 Rural Fund appropriations designated that a minimum of \$5,000,000 be made available to Indian tribes for Economic Development and entrepreneurship. Such remaining funds would be held for a subsequent funding announcement.
- (3) Geographic Diversity. HUD has determined that geographic diversity is an appropriate consideration in selecting projects in the competition. HUD in its sole discretion, may choose to award a Rural Fund grant to a lower rated, approvable application over a higher rated application in order to increase the level of geographic diversity of grants approved under this NOFA.
- d. Environmental Review. Each application constitutes an assurance that the applicant agrees to assist HUD in complying with the provisions set forth in 24 CFR part 50. Selection for award does not constitute approval of any proposed site. Following selection for award, HUD will perform an environmental review of activities proposed for assistance under this part, in accordance with 24 CFR part 50. The results of the environmental review may require that proposed activities be modified or that proposed sites be rejected. Applicants are particularly cautioned not to undertake or commit HUD funds for acquisition or development of proposed properties (including establishing lines of credit that permit financing of such activities or making commitments for loans that would finance such activities from a revolving loan fund capitalized by funds under this NOFA) prior to HUD approval of specific properties or areas. Each application constitutes an assurance that you, the applicant, will: assist HUD in complying with part 50; supply HUD with all available relevant information to perform an environmental review for each proposed property; carry out mitigating measures required by HUD or select alternate property; and will not acquire, rehabilitate, convert, demolish, lease, repair, or construct property, or commit or expend HUD or local funds for these program activities with respect to any eligible property until HUD approval of the property is received. HUD's funding commitment is contingent on HUD's site approval following an environmental review.
- e. <u>Adjustments to Funding HUD</u> may also adjust the selection of competitive projects as follows:
- (1) HUD will not fund any portion of your application that is ineligible for funding and does not meet the requirements of this NOFA, or is duplicative of other funded programs or activities from prior year awards or other selected applicants. Only the eligible non-duplicative portions of your application will be funded.
- (3) If a balance remains, HUD reserves the right to utilize those funds toward the following year's awards.
- (4) Please see section VI.A.2 and 3 of the **General Section** for more information about funding.
- f. <u>Corrections to Deficient Applications</u>. After the application deadline date, HUD may not, consistent with its regulations in 24 CFR part 4, subpart B, consider any unsolicited information that you, the applicant, may want to provide. HUD may contact you to clarify an item in your

application or to correct technical deficiencies. Applicants will have 14 calendar days in which to provide missing information requested by HUD. Instructions on submission of cures for deficiencies will be provided by HUD with the request for the deficiency. See section V.B.2. of the **General Section** for more detailed information on this topic.

#### VI. Award Administration Information

#### A. Award Notice.

1. HUD will notify you whether or not you have been conditionally selected for an award. If you are selected, HUD's notice to you concerning the amount of the grant award (based on the approved application) will constitute HUD's conditional approval, subject to negotiation and execution of a grant agreement by HUD. Successful Rural Fund program applicants will be notified of grant award and will receive post-award instructions by mail.

If you are conditionally selected for an award HUD will require you to participate in negotiations to determine the specific terms of the grant agreement. HUD will follow the negotiation procedures described in the **General Section**. The selection is conditional and does not become final until the negotiations between you, the applicant, and the Department is successfully concluded and the grant agreement is signed and executed based upon the negotiations. Costs may be denied or modified if HUD determines that they are not allowable, allocable, and/or reasonable. In cases where HUD cannot successfully conclude negotiations with a selected applicant or a selected applicant fails to provide HUD with requested information, an award will not be made to that applicant. In this instance, HUD may offer an award and proceed to negotiate with the next highest-ranking applicant.

- 2. **Debriefing**. For a period of at least 120 days, beginning 30 days after the awards for assistance are publicly announced, HUD will provide to a requesting applicant a debriefing related to its application. A debriefing request must be made in writing or by email by its authorized official whose signature appears on the SF424, or his or her successor in the office and submitted to Robert Duncan, Associate Deputy Assistant Secretary for Economic Development, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7136, Washington, DC 20410 or Robert.Duncan@hud.gov. Information provided during a debriefing will include, at a minimum, the final score you received for each rating factor, final evaluation comments for each rating factor, and the final assessment indicating the basis upon which assistance was provided or denied.
- **3.** Award notices may also include requirements for subaward reporting in compliance with the requirements of the Federal Financial Assistance Accountability and Transparency Act of 2006. (Pub. L. 109-282) (Transparency Act) and Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417), referred to as "Section 872".
- B. Administrative and National Policy Requirements. In addition to the requirements listed below, please review all requirements in Section III of the General Section.

- 1. <u>Lead-Based Paint Hazard Control</u>. All pre-1978 residential property assisted under the Rural Fund program is covered by the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act (42 U.S.C. 4851 et seq.), and HUD's implementing regulations at 24 CFR part 35. The Environmental Protection Agency's Renovation, Repair and Painting Rule, found within 40 CFR 745 (see <a href="http://www.epa.gov/lead/pubs/renovation.htm">http://www.epa.gov/lead/pubs/renovation.htm</a>), applies to pre-1978 housing and child-occupied facilities when renovation, repair or painting work is conducted. NC-OHHLHC.
- 2. Procurement of Recovered Materials. See the **General Section** for further information.
- 3. <u>Audit Requirements</u>. Any grantee that expends \$500,000 or more in federal financial assistance in a single year (this can be program year or fiscal year) must meet the audit requirements established in 24 CFR parts 84 and 85 in accordance with OMB Circular A-133.
- 4. <u>Accounting System Requirements</u>. The Rural Fund program requires that successful applicants have in place an accounting system that meets the policies, guidance, and requirements described in the following OMB Circular and applicable Code of Federal Regulations:
- a. OMB Circular A-87 (Cost Principles for State, Local, and Indian Tribal Governments now in 2 CFR 225);
- b. OMB Circular A-122 (Cost Principles for Non-Profit Organizations) now located in 2 CFR 230;
- c. OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations);
- d. 24 CFR part 84 (Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations); and
- e. 24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments).

## C. Reporting.

- 1. <u>Reporting Requirements</u>. Reporting documents apply to the award, acceptance and use of assistance under the Rural Fund program and to the remedies for noncompliance, except when inconsistent with HUD's Appropriation Act, or other federal statutes or the provisions of this NOFA.
- a. Logic Model Reporting. For each semi-annual reporting period, as part of your required report to HUD, grantees must include a completed Logic Model (Form HUD96010), which identifies output and outcome achievements.
- b. <u>Racial and Ethnic Data</u>. HUD requires that funded recipients collect racial and ethnic beneficiary data. It has adopted the Office of Management and Budget's Standards for the Collection of Racial and Ethnic Data. In view of these requirements, you should use Form HUD27061, Racial and Ethnic Data Reporting Form (instructions for its use), found on <a href="https://www.hudclips.org">www.hudclips.org</a> or a comparable electronic data system for this purpose.
- c. Section 3 Reporting Each recipient which receives directly from HUD financial assistance that is subject to Section 3 requirements, shall submit to the Assistant Secretary of Community Planning and Development an annual report. The Section 3 report shall be submitted with the annual performance report. If the program does not require an annual report, the Section 3 report

is to be submitted by January 10, of each year or within 10 days of project completion, which ever is earlier. Grantees are required to report on form HUD60002, , which can be completed online at ww.hud.gov/section3. Section 3 shall also be reported using the Rural Fund Logic Model. All reports are made available to the public.

d. Applicants selected for funding should also be aware that they will be required to report first sub-grant award and executive compensation information, where both their initial award is \$25,000 or greater, as required by the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282). The prime grant awardees will have until the end of the month plus one additional month after an award or sub-grant is obligated to fulfill the reporting requirement. The Federal Funding Accountability and Transparency Act (FFATA) of 2006 calls for the establishment of a publicly available web site to disclose the use of Federal finance assistance.

The Act requires the reporting of the following data for first-tier sub-grants of \$25,000 or more:

- (1) Name of entity receiving award
- (2) Amount of award
- (3) Funding agency
- (4) NAICS code for contracts / CFDA program number for grants
- (5) Program source
- (6) Award title descriptive of the purpose of the funding action
- (7) Location of the entity (including congressional district)
- (8) Place of performance (including congressional district)
- (9) Unique identifier of the entity and its parent; and
- (10) Total compensation and names of top five executives (same thresholds as for primes)

The Transparency Act also requires the reporting of the Total Compensation and Names of the top five executives in either the prime awardee or a sub-awardee's organization if:

- (a) More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually; and
- (b) Compensation information is not already available through reporting to the SEC.

The statute exempts from reporting any sub-awards less than \$25,000 made to individuals or to an entity whose annual expenditures are less than \$300,000. OMB has published Interim Final Guidance to agencies regarding the FFATA subrecipient reporting requirements in the Federal Register on September 14, 2010 (75FR55663.)

e. FAPISS (Federal Awardee Performance and Integrity Information System) Reporting. Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417), referred to as "Section 872, requires each recipient of federal funds with a cumulative value greater than \$10 million and their direct (i.e., first-tier) subrecipients to report to the Federal Awardee Performance and Integrity Information System (FAPIIS) information about certain civil judgments, criminal convictions, and outcomes of administrative proceedings that reached final disposition within the most recent 5-year period and were connected with the award or performance of a federal or state award. Recipients and first-tier subrecipients must report information at least semi annually to maintain the currency of the information. Section 872 also requires that an entity be allowed to submit comments to the data system about any information that system contains about the entity. Use of the FAPIIS system requires a DUNS number and current valid registration in the CCR for HUD awardees and first-tier sub-recipients. e. Federal Financial Report, SF425 reports on utilization of grant funds.

VII. Agency Contact. Before the application deadline date, HUD staff may provide general guidance and technical assistance about this NOFA. However, staff are not permitted to assist in preparing your application. Also, following selection of applicants, but before awards are announced, staff may assist in clarifying or confirming information that is a prerequisite to the offer of an award. You may contact Mr. Robert Duncan, Rural Fund Program, Office of the Deputy Assistant Secretary for Economic Development, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7136, Washington, DC 20410, telephone (202) 402-4681 (this is not a toll-free number). This number can be accessed via TTY by calling the toll-free Federal Information Relay Service Operator at (800) 877-8339. For technical support for downloading an application or electronically submitting an application, please call Grants.gov help desk at 800-518-GRANTS (this is a toll-free number) or send an email to support@grants.gov.

#### VIII. Other Information

- **A. Satellite Broadcast**. HUD expects to hold an information webcast via satellite for potential applicants to learn more about the program and preparation of an application. For more information about the date and time of this webcast, consult the HUD website at <a href="www.hud.gov">www.hud.gov</a>.
- **B. Environmental.** A Finding of No Significant Impact (FONSI) with respect to the environment has been made for this NOFA in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the FONSI must be scheduled by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number).
- C. Paperwork Reduction Act Statement. The information collection requirements contained in this document is 2506-0188 under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid OMB control number. The public reporting burden for the collection of information is estimated to average 10 hours for applications per annum per respondent for the application and grant administration. This includes the time for collecting, reviewing, and reporting the data for the application, quarterly reports, and final report. The information will be used for grantee selection and monitoring the administration of funds. Response to this request for information is required in order to receive the benefits to be derived.

Dated:

DEC 2 2 2010

Mercedes M. Márquez
Assistant Secretary for
Community Planning and Development